



STATE OF MICHIGAN

GRETCHEN WHITMER  
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

ELIZABETH HERTEL  
DIRECTOR

September 12, 2022

Rick Lowe, Chief Internal Auditor  
Office of Internal Audit Services  
111 South Capitol Avenue  
8<sup>th</sup> Floor, Romney Building  
Lansing, Michigan 48933

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are the summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Performance Audit of Select Licensing and Monitoring Activities of Child Placing Agencies, Michigan Department of Health and Human Services.

Questions regarding the summary table or corrective action plans should be directed to me at 517-241-4237 or MyersP3@michigan.gov.

Sincerely,

***Pam Myers***

Pam Myers, Director  
Bureau of Audit

PM:wb

Enclosure (1)

c: Office of the Auditor General  
House Fiscal Agency  
Senate Fiscal Agency  
Executive Office  
DHHS, David Knezek  
DHHS, Amy Epkey

House Appropriations Committee  
House Standing Committee  
Senate Appropriations Committee  
Senate Standing Committee  
DHHS, Lewis Roubal

PERFORMANCE AUDIT OF 2016 OAG CHILD  
PLACING AGENCIES

DEPARTMENT OF HEALTH AND HUMAN  
SERVICES

AUDIT RESPONSE

Approved: Amy Epkey 09/02/2022

Amy Epkey, Senior Deputy Director  
Financial Operations Administration  
Department of Health and Human Services

Date: \_\_\_\_\_



## AUDIT REPORT SUMMARY

DEPARTMENT: Children's Services Administration

AUDIT PERIOD: April 1, 2015 through March 31, 2019

REPORT DATED: December 22, 2021

### DISPOSITION OF AUDIT RECOMMENDATIONS

CITATIONS COMPLIED WITH	CITATIONS TO BE COMPLIED WITH	CITATIONS DHHS DID NOT AGREE WITH
Finding 1 (12/31/2021)		
Finding 2 (04/01/2022)		
Finding 3 (06/30/2022)		
Finding 4 (03/22/2022)		
Finding 5 (01/31/2022)		

**Audit Response**  
**Performance Audit**  
**2016 OAG Child Placing Agencies**  
**Department of Health and Human Services**  
**April 1, 2015 through March 31, 2019**

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Recommendation 1:     Improvement is needed in MDHHS's monitoring of finalized adoption records.

We recommend that MDHHS improve its monitoring of CPA finalized adoption records to help ensure these records are appropriately secured and stored.

Response

MDHHS updated the Division of Child Welfare Licensing (DCWL) policy and procedures in December 2021 to ensure consultants are evaluating compliance with the 21-day record restriction time frame and the requirement to securely store hardcopies of finalized adoption records. MDHHS will cite CPAs for any noncompliance issues identified as outlined in Adoption Assistance Manual 1030.

MDHHS updated the Adoption Case Record Retention policy in July 2019 to provide CPAs with specific time frames for submission of closed adoption records to MDHHS for permanent retention. The Adoption and Guardianship Assistance Office (AGAO) also implemented an inventory protocol in October 2020 that tracks closed adoption records for permanent retention. Effective November 2021, AGAO will compare the MiSACWIS monthly data report of finalized adoption cases to the inventory of cases received for retention for reconciliation purposes to ensure all closed adoption cases are received on a timely basis. The inventory protocol was updated accordingly to reflect this new reconciliation process and MDHHS will follow up on closed adoption records that have not been received within the required time frame. In addition, the backlog of unprocessed, finalized records has been resolved.

Recommendation 2:     Improved sampling guidance and procedures are needed for annual inspections of CPAs.

We recommend that MDHHS improve its annual inspection guidance and procedures to help ensure sample populations are complete and replacement of sample items is appropriate.

Response

MDHHS implemented a process to help ensure the completeness of sampling populations as of April 1, 2022. MDHHS will compile the sampling populations and have the CPAs review to verify the populations reconcile with the records retained by the agency. This will ensure that when selecting children's cases for review during annual licensing inspections, licensing consultants and field analysts will have the complete population of children.

In June 2021, MDHHS updated the DCWL Policy and Procedures Manual providing guidance to field analysts to help determine when replacement of a sample selection is appropriate. Beginning November 2021, field analysts will be required to document justification for sample deviations and seek approval from supervision to determine when replacement of a selected sample is appropriate.

Recommendation 3: Improved monitoring of CPA staff background checks is needed.

We recommend that MDHHS strengthen its monitoring of CPA background check processes to ensure CPAs employ only individuals who maintain suitable backgrounds.

Response

MDHHS asserts that agencies are independently responsible for maintaining compliance with Sections 722.115d(2), 722.119(2)(a), and 722.119(3) of the Michigan Compiled Laws by establishing protocols that require disclosures of additional criminal activity by current employees or recurring background checks. MDHHS expanded on its annual CPA compliance review to verify each CPA is following their established protocol. MDHHS also clarified instructions for the licensing consultant that the CPA can be cited if criminal record check documentation is not maintained in accordance with CPA policy and included actions that are available to the licensing consultant regarding any updated Central Registry information.

Recommendation 4: Improvement is needed in documenting annual on-site licensing inspections.

We recommend that MDHHS improve its documentation of annual on-site CPA inspections.

Response

MDHHS partially agrees.

MDHHS agrees that Michigan Compiled Laws require maintenance of records that are necessary for the adequate and proper recording of its activities and protection of the legal rights of the State; however, MDHHS asserts that the final reports completed by the consultant and analyst serve this purpose. There is no legal requirement to include the assessment tool.

MDHHS discussed whether DCWL policy and procedures should be updated to include retention of additional documentation and determined that no changes are needed.

MDHHS updated DCWL policy in May 2021 to require that DCWL field consultants review all field analyst findings during the exit conference meeting and verify that a resolution has been documented.

Recommendation 5: Analysis of CPA annual licensing inspection results is needed.

We recommend that MDHHS improve its monitoring of CPAs by compiling and analyzing its CPA annual licensing inspection results to identify significant trends that may exist in CPA activities and services.

Response

As of January 31, 2022, MDHHS implemented guidance for licensing consultants to identify trends in violations, including an annual conference with area managers and licensing consultants to discuss current and repeat violation trends. MDHHS has also created a dashboard to track CPA renewal and interim citations. The DCWL director will be notified of immediate safety concerns or recommendations of adverse action and provided a summary report that outlines the trends for final review.